An aerial photograph of a city, likely New York City, showing a river with several bridges. The image is slightly hazy and serves as a background for the text.

Study Exempting Motor Vehicles From Emissions Inspections

Prepared By:

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Division of Air Quality**

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Request for Study

The 2011 General Assembly directed the Department of Transportation, Division of Motor Vehicles along with the Department of Environment and Natural Resources, Division of Air Quality, to study the impacts of exempting:

- The three newest model year vehicles from emissions inspection requirements.
- All vehicles from the emissions inspection requirements.

Questions to be Answered

- Will North Carolina be in jeopardy of the United States Environmental Protection Agency (USEPA) finding that the State failed to implement its State Implementation Plan (SIP)?
- Will air quality standards be violated based on:
 - Existing air quality standards.
 - Revised air quality standards being considered for adoption by the United States Environmental Protection Agency.
- Will the State be in jeopardy of being found to be out of conformity?

Questions to be Answered, Cont.

- What new or amended rules will be necessary to implement the proposed exemption?
- What fiscal impacts will be seen:
 - For vehicle owners
 - Inspection stations
 - Department of Transportation
 - Department of Environment and Natural Resources.
- Any other issues pertinent to the study under this section.

Why does North Carolina require vehicles to be emissions tested?

- The Federal Clean Air Act established National Ambient Air Quality Standards (NAAQS). Areas that violate this criteria are designated as nonattainment by the U.S. EPA. North Carolina has areas that have been designated nonattainment. Areas designated as moderate nonattainment or higher for carbon monoxide or ozone are required to implement a vehicle inspection and maintenance program. This is in accordance with the Federal Clean Air Act, Sections 187(a)(4) and 182(b)(4).

North Carolina's Emissions Program

- 1982 program started with Mecklenburg County.
- 1984 Wake County added.
- 1990 Clean Air Act Amendments resulted in addition of Cabarrus, Durham, Forsyth, Gaston, Guilford, Orange and Union Counties.
- 1997 8-hour ozone standard added Iredell, Lincoln and Rowan.
- 1999 Senate Bill 953 (Session Laws 1999-328, Section 3.1(d)) required an additional 36 counties be added to the program. These counties were added based on population, vehicle miles traveled, and their likely contribution to high ozone levels.
- 2006 to present a total of 48 counties now participating.

Program Oversight

- The Division of Motor Vehicles License and Theft Bureau, has operational responsibility for the emissions inspection program.
- The North Carolina Division of Air Quality (DAQ) has adopted regulations to reflect the requirements of Senate Bill 953 and U.S. EPA regulations.
 - Analyzer software certification
 - Analyzer specification development

Question

What happens if we exempt the 3 newest model year vehicles from emissions testing?

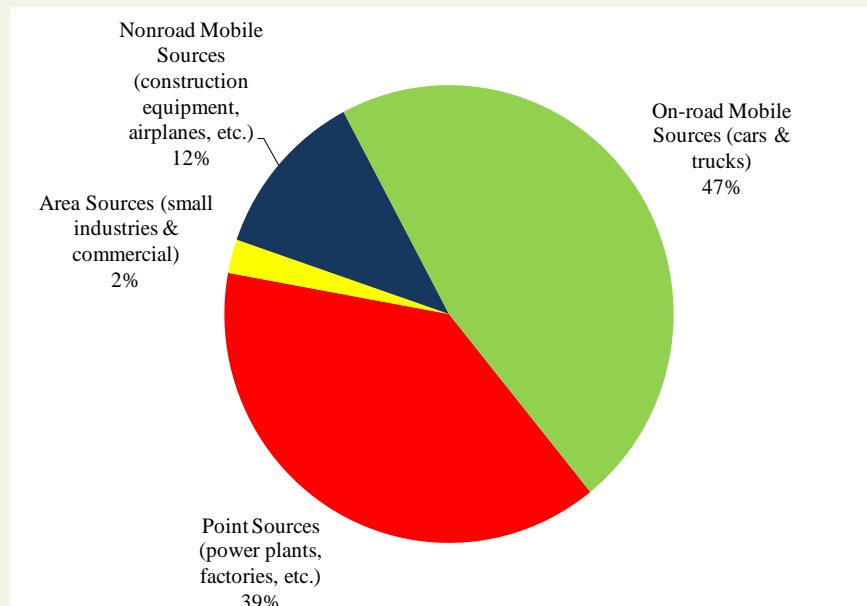
North Carolina will need to:

- Require compensating or equivalent emission reductions to offset any increased emissions.
- Submit a revision to the State Implementation Plan (SIP).
- Demonstrate that the federal I/M performance standard will still be met.
- Demonstrate that any emission increases would not hinder any area where the emissions program is implemented from attaining and/or maintaining all of the (NAAQS) national ambient air quality standards

Question

What happens if we exempt all vehicles from the emissions inspection requirement?

- Significant emissions increases are projected.
- The state must conform to National Ambient Air Quality Standards.
- Elimination of the emission inspection program would require the state to conform through alternative programs.



Potential Alternative Programs

- Lowering the speed limit on interstate highways.
- Additional funding for mass transit programs.
 - To reduce the vehicle miles traveled.
 - To encourage using bus transit
 - Building new commuter rail
- Require additional regulations for large industrial or point sources to operate.
 - Coal-fired boilers
 - Pulp and paper
 - Glass Manufacturing
 - Natural Gas Pumping Station

Potential Alternative Reductions

- Regulation on Non-road mobile sources:
 - Agricultural equipment
 - Aircraft and airport ground support equipment
 - Construction equipment
 - Industrial and commercial equipment
 - Lawn and garden equipment
 - Locomotives and rail maintenance equipment
 - Logging equipment
 - Recreational and Commercial Marine Vessels



Transportation Funding

How do we ensure we don't lose highway dollars?

- Revise the SIPs that establishes motor vehicle emission limits for transportation conformity.
- Submit the revised SIP to the U.S. EPA prior to changing or eliminating the program.
- Allow approximately 9 to 12 months for the Division of Air Quality to revise the SIPs.
- Ensure motor vehicle emissions from transportation plans, programs or projects are less than the motor vehicle emissions limits set in the SIP.
- Ensure that geographic areas that are violating or have violated a NAAQS in the past are conforming to the current standards.



What new or amended rules would be necessary to implement a change?

- Revision of the SIP (State Implementation Plan).
- Revision of N.C. General Statutes Article 3A Chapter 20.
- Revision of Administrative Code.

Fiscal Impacts

Three-year Exemption

- Vehicle owners would save \$16.40 per vehicle per year in years two and three for a total savings of \$32.80 per new vehicle.
- Inspection stations in the 48 Emissions Counties would see a combined loss of revenue equaling \$10,359,418 per year.
- State revenues would be reduced annually as shown in the table.


Account/Agency	Amount/Inspection	Annual Net Loss
Inspection Program Account	\$3.00	\$1,308,558.00
Telecommunications Account	\$1.75	\$763,325.50
Division of Air Quality	\$0.65	\$283,520.80

- Federally Mandated Warranty of 2 years 24,000 miles will have expired and the consumer will assume cost for repair.

Fiscal Impacts

Program Elimination

- Consumers would save \$16.40 per year.
- Inspection Stations in the 48 Emissions Counties would see a loss in revenue of \$118 million per year collectively.
- Division of Air Quality would lose funding of approximately \$3.2 million per year.
- Division of Motor Vehicles would lose funding of approximately \$23.5 million annually.
 - \$14.9 million annually-Emissions Program Account
 - \$8.6 million annually-Telecommunications Account



Potential Employment Impacts for total program elimination.

- Local Businesses
 - 4,393 Inspection Stations potentially going out of business.
 - 31,588 OBD Certified Technicians potentially out of work.



Recommendation

- Exempt the three newest model year vehicles from emissions inspections.
- Adjusted compliance rates to make up for the projected deficit in emission reductions.
- Allow time for the appropriate SIP revisions to be submitted.
- Allow time the Division of Motor Vehicles to recode its software to properly reflect the change in legislation.
- Make the effective date of the new legislation no earlier than January 1, 2014.